



CENTRAL INTELLIGENCE AGENCY
WASHINGTON 25, D. C.

OFFICE OF THE DIRECTOR

Honorable Richard M. Nixon
President of the Senate
Washington 25, D. C.

STAT

Dear Mr. Vice President:

DOC 12	REV DATE	SD 12	
ORIG COMP	DPI 38	TYPE 01	
ORIG CLASS 4	PAGES 16	REV CLASS 4	
JUST	NEXT REV	AUTH: NS 10-2	

There is forwarded herewith a draft of legislation "To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes," together with a sectional analysis of that legislation.

The Bureau of the Budget has advised that it has no objection to the submission of this proposed legislation to the Congress, and the Central Intelligence Agency recommends its enactment.

The purposes of this legislation are to provide for a limited amount of additional flexibility in the procurement operations of this Agency, to provide certain benefits to CIA employees serving abroad and their families, and to make certain technical changes in the existing law.

Section 1 of the proposed legislation contains three amendments to the Central Intelligence Agency Act of 1949, relating to procurement authorities. The first of these is designed to provide this Agency with authority identical to that of the Armed Services as to the circumstances under which purchases and contracts may be made without advertising. Although the volume of CIA purchases and contracts is negligible compared to that of the Armed Services, we are confronted in general with all of the typical situations with which the Services are faced in this field. A second proposed amendment provides that Agency contracts in the research and development field may extend over an initial term of not to exceed five years, with a possible extension of an additional five year maximum period if funds are available therefor. I have described to Committees of the Congress with jurisdiction over CIA matters certain types of special projects of a unique and important nature which this Agency undertakes from time to time in the research and development field. In order to provide necessary lead time in these projects, we feel we need the authority to

contract over a period of years, in a manner substantially similar to authorities and procedures governing contracts by the military services in similar fields. The third and last amendment in the procurement field is technical in nature, and simply involves a redefinition of the term "head of the Agency" which conforms to the present organizational structure of the Agency.

Section 2 of this proposed bill is intended to provide a variety of benefits which will bring CIA employees and their dependents into a status comparable to that of employees and their dependents in other agencies which conduct substantial operations in the foreign field. The group of American employees serving overseas which most nearly correspond to those of CIA in terms of living conditions, medical problems, etc. are those in the Foreign Service, and for that reason the great majority of the proposed amendments are identical with authorities which are now in existence or have been proposed as amendments to the Foreign Service Act of 1946, as amended.

The attached sectional analysis contains a detailed description of the objects and purposes of each of these amendments, which deal with such matters as home leave, travel, storage, transportation and medical care for dependents. I would simply like to add, in forwarding this proposed legislation to the Congress, that I regard the benefits proposed under this Section as matters of the highest importance in maintaining the morale and effectiveness of the Central Intelligence Agency in carrying out its vital functions. The employees of this Agency, particularly those serving abroad, are not eligible for tangible benefits and awards available to other Government employees, such as appointments to high diplomatic posts, public decorations for services well performed, etc. They are in this exacting and at times hazardous business because they are interested in it and feel that what they are doing is of some importance to the security of the United States. These amendments are designed to help encourage the concept of a worthwhile career in the foreign intelligence field, and I am convinced that they will be of immeasurable benefit to this Agency and to the Government as a whole. As the Congress will observe, we are not requesting benefits or privileges over and beyond those now enjoyed or being requested by other agencies of the Government with important responsibilities in the foreign field. To have to operate without these benefits, however, could seriously affect the over-all effectiveness of the Agency in the longer run.

Section 3 of the proposed legislation increases from fifteen to thirty-five the maximum number of retired military officers which may be employed by this Agency at any one time. This proposal is consistent with a recommendation by the Clark Task Force of the Hoover Commission, and is considered desirable. Although the Agency has been able to adhere to the previous limit of fifteen retired officers without a serious loss of efficiency, we feel that there have been cases where more qualified individuals for certain posts could have been obtained from the ranks of retired military officers had the authority been available.

Section 4 of the proposed legislation is designed to permit advance payments for such items as rent, where such payments are in accordance with the laws or customs of certain foreign countries, and the inability to provide them works a hardship on the individuals concerned. This proposed exemption from the operation of Section 3648 of the Revised Statutes (31 U.S.C. 529) will place CIA overseas personnel on a similar footing with personnel of the Armed Forces and of the Foreign Service.

Section 5 of the proposed legislation is purely technical, and is intended to correct a typographical error in the original Central Intelligence Agency Act of 1949.

The net incremental cost to the Agency resulting from this proposed legislation is estimated to be in the neighborhood of \$80,000 annually. It is contemplated that these costs can be readily absorbed within our normal operating budget.

It is respectfully urged that the Congress act favorably on this proposed legislation during the present Session.

Sincerely,

Allen W. Dulles
Director

Enclosures

APR 4 1956

A BILL

To amend the Central Intelligence Agency Act of 1949, as amended, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. Section 3 of the Act entitled the Central Intelligence Agency Act of 1949, approved June 20, 1949, as amended (63 Stat. 208, 50 U.S.C. 403a) (hereinafter referred to as "such Act"), is amended to read as follows:

(a) In the performance of its functions, the Central Intelligence Agency is authorized to exercise the authorities contained in sections 2(c), 5, 6, 7, and 10 of the Armed Services Procurement Act of 1947, approved Feb. 19, 1948, as amended (62 Stat. 21, 41 U.S.C. 151).

(b) Contracts of the Agency for services and use of facilities for research or development may be for a term not to exceed five years, and may be extended for an additional period not to exceed five years, subject to the availability of appropriations therefor.

(c) For purposes of this section, the term "agency head" shall mean the Director and Deputy Director of Central Intelligence and the Deputy Directors of the Agency.

SECTION 2. Section 5 of such Act is amended to read as follows:

Section 5. (a) Under such regulations as the Director may prescribe, the Agency, with respect to its officers and employees assigned abroad, may

(1) pay the travel expenses of officers and employees of the Agency including expenses incurred while traveling pursuant to orders issued by the Director in accordance with the provisions of section 5(c) with regard to the granting of home leave;

(2) pay the travel expenses of members of the family of an officer or employee of the Agency when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

(3) pay the cost of transporting the furniture and household and personal effects of an officer or employee of the Agency to his successive posts of duty and, on the termination of his services, to his residence at time of appointment or to a point not more distant, or, upon retirement, to the place where he will reside;

(4) notwithstanding the provisions of any other law, transport for or on behalf of an officer or employee of the Agency, a privately owned automobile in any case where it shall be determined that water, rail, or air transportation of the automobile is necessary or expedient for any part or of all the distance between points of

origin and destination, and pay the costs of such transportation;

(5) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty; or who is assigned to a post to which he cannot take or at which he is unable to use his furniture and household and personal effects; or when such storage would avoid the cost of transporting such effects from one location to another;

(6) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(7) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

origin and destination, and pay the costs of such transportation;

(5) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency who is absent under orders from his usual post of duty; or who is assigned to a post to which he cannot take or at which he is unable to use his furniture and household and personal effects; or when such storage would avoid the cost of transporting such effects from one location to another;

(6) pay the cost of storing the furniture and household and personal effects of an officer or employee of the Agency on first arrival at a post for a period not in excess of three months after such first arrival at such post or until the establishment of residence quarters, whichever shall be shorter;

(7) pay the travel expenses and transportation costs incident to the removal of the members of the family of an officer or employee of the Agency and his furniture and household and personal effects, including automobiles, from a post at which, because of the prevalence of disturbed conditions, there is imminent danger to life and property, and the return of such persons, furniture, and effects to such post upon the cessation of such conditions; or to such other post as may in the meantime have become the post to which such officer or employee has been assigned;

(8) pay the travel expenses incurred by an officer or employee of the Agency in transporting dependents to and from United States ports of entry designated by the Agency, to obtain an American secondary or college education, not to exceed one trip each way for each dependent for the purpose of obtaining each type of education;

(9) pay the costs of preparing and transporting the remains of an officer or employee of the Agency or a member of his family who may die while in travel status or abroad, to his home or official station, or to such other place as the Director may determine to be the appropriate place of interment, provided that in no case shall the expense payable be greater than the amount which would have been payable had the destination been the home or official station.

(b) The Agency may charge expenses in connection with travel of personnel, their dependents, and transportation of their household goods, personal effects, and automobiles to the appropriation for the fiscal year current when any part of either the travel or transportation begins pursuant to previously issued travel orders, notwithstanding the fact that such travel or transportation may not all be effected during such fiscal year, or the travel orders may have been issued during the prior fiscal year.

(c)(1) Under such regulations as the Director may prescribe, the Agency may order to the continental United States or its territories and possessions on leave of absence as provided by law, every officer and employee of the Agency, upon completion of two years continuous service abroad, or as soon as possible thereafter.

(2) While in the continental United States on leave, the service of any officer or employee shall not be available for work or duties except in the Agency or for training or for reorientation for work; and the time of such work or duty shall not be counted as leave.

(3) Where an officer or employee on leave returns to the United States or its territories and possessions, leave of absence granted shall be exclusive of the time actually and necessarily occupied in going to and from the United States or its territories and possessions, and such time as may be necessarily occupied in awaiting transportation.

(4) The provisions of Section 203(f) of the Act of October 30, 1951, as amended (65 Stat. 679, 5 U.S.C. 2061), and as it may hereafter be amended, shall be applicable to officers and employees of the Agency, and such officers and employees shall be subject to the limitations as to the accumulation of leave applicable to officers and employees in the Foreign Service of the United States under the Department

of State as provided in Sections 203(c) and (d) of the Act of October 30, 1951 as amended (65 Stat. 679, 5 U.S.C. 2061), and as it may hereafter be amended.

(d)(1) In the event of illness, injury or maternity incurred while on assignment abroad, by an officer or full-time employee of the Agency or by a member of the family accompanying such officer or employee, not the result of vicious habits, intemperance, or misconduct on the part of such persons, in a locality where there does not exist a suitable medical facility, the Agency may, under such regulations as the Director may prescribe, pay the travel expenses of such officer or employee, or member of his family, by whatever means are considered appropriate without regard to the Standardized Government Travel Regulations and Section 10 of the Act of March 3, 1933 as amended (47 Stat. 1516; 5 U.S.C. 73b), to the nearest locality where a suitable medical facility exists and on the recovery of such individual pay for the travel expenses of return to the post of duty of such officer or employee, or member of his family. If such officer or employee, or member of his family, is too ill to travel unattended, the Agency may also pay the compensation and round trip travel expenses of an attendant or attendants.

(2)(A) The Director may, in the event of illness or injury requiring hospitalization of an officer or employee of the Agency,

not the result of vicious habits, intemperance, or misconduct on his part, incurred in the line of duty while such person is assigned abroad, pay for the cost of the treatment of such illness or injury at a suitable hospital or clinic.

(2)(B) In the event a dependent of an officer or employee of the Agency who is stationed abroad, incurs an illness or injury while located abroad, which requires hospitalization and which is not the result of vicious habits, intemperance, or misconduct, the Agency may, in accordance with such regulations as the Director may prescribe, pay for that portion of the costs of treatment of each such illness or injury at a suitable hospital or clinic that exceeds \$35.00 up to a maximum limitation of 120 days of hospitalization for each such illness or injury, except that such maximum limitation shall not apply whenever the Director, on the basis of professional medical advice, shall determine that such illness or injury clearly is caused by the fact that such dependent is or has been located abroad.

(3) The Director may establish a first aid station and provide for the services of a physician, a nurse, or other medical personnel at a post at which, in his opinion, sufficient personnel are employed to warrant such a station.

(4) The Director may provide for the periodic physical examination of officers and employees of the Agency and their dependents and for the cost of administering inoculations or vaccinations to such officers or employees and their dependents.

(e) In accordance with such regulations as the Director may prescribe, the Agency may pay the costs of travel of new appointees and their dependents, and the transportation of their household goods and personal effects, from places of actual residence in foreign countries at time of appointment to places of employment and return to their actual residences at the time of appointment or a point not more distant: Provided, That such appointees agree in writing to remain with the United States Government for a period of not less than twelve months from the time of appointment. Violation of such agreement for personal convenience of an employee or because of separation for misconduct will bar such return payments and, if determined by the Director or his designee to be in the best interests of the United States, any money expended by the United States on account of such travel and transportation shall be considered as a debt due by the individual concerned to the United States.

(f) In accordance with such regulations as the President may prescribe and notwithstanding the provisions of Section 1765 of the revised statutes (5 U.S.C. 70), the Director is authorized to grant to any officer or employee of the Agency:

(1) allowances, whenever Government owned or rented quarters are not available at a post abroad, for living quarters, heat, light, water, fuel, gas, and electricity, including allowances for the cost of lodging at temporary quarters, incurred by an officer or employee of the Agency and the members of his family upon first arrival at a new post, for a period not in excess of three months after such first arrival or until the occupation of residence quarters, whichever period shall be shorter, up to but not in excess of the aggregate amount of the per diem that would be allowable to such officer or employee for himself and the members of his family for such period if they were in travel status:

(2) cost-of-living allowances whenever --

(A) the cost of living at a post abroad is proportionately so high that an allowance is necessary to enable an officer or employee of the Agency at such post to carry on his work efficiently;

(B) extraordinary and necessary expenses not otherwise compensated for are incurred by an officer or employee of the Agency incident to the establishment of his residence at any post of assignment abroad or at a post of assignment in the continental United States between assignments to posts abroad;

(C) an allowance is necessary to assist an officer or employee of the Agency who is compelled by reasons of dangerous, notably unhealthful, or excessively adverse living conditions at his post abroad or for the convenience of the Government to meet the additional expense of maintaining his wife and minor children elsewhere than at the post of his assignment;

(D) extraordinary and necessary expenses, not otherwise compensated for, must be incurred by an officer or employee of the Agency, by reason of his service abroad, in providing for adequate elementary and secondary education of his dependents; allowances under this subparagraph for any post shall not exceed the cost of obtaining such educational services as are ordinarily provided without charge by the public schools of the United States plus, in those cases where adequate schools are not available at the post, board and room, and periodic transportation between the post and the nearest locality where adequate schools are available; if any such officer or employee employs a less expensive method of providing such education, any allowance paid to him shall be reduced accordingly; no allowance shall be paid under this subparagraph for a dependent for whom a travel allowance has been paid under subsection 5(a)(8):

(3) a foreign post differential or a territorial post differential on the basis of conditions of environment which differ substantially from conditions of environment in the continental United States and warrant additional compensation as a recruitment and retention incentive. Additional compensation paid as a foreign post differential or territorial post differential shall not in any instance exceed 25 per centum of the rate of basic compensation.

(g) Amounts received as allowances pursuant to the provisions of Section 5(f)(1) and (2) of this Act shall not be included in gross income, and shall be exempt from taxation under the Internal Revenue Code of 1954, as amended, and as it may hereafter be amended.

SECTION 3. Section 6(f)(1) of such Act is amended by striking out "fifteen" and inserting in lieu thereof the following: "thirty-five".

SECTION 4. Section 6 of such Act is amended by the insertion of a semicolon in lieu of the period at the end of subsection (f) and by the addition of a new subsection (g) which shall read as follows:

(g) Make payments without regard to section 3648 of the Revised Statutes (31 U.S.C. 529), when made --

(1) in compliance with the laws of foreign countries or their ministerial regulations, and

(2) for rent in foreign countries for such period as may be necessary to accord with local custom.

SECTION 5. Section 10(a)(1) of such Act is amended by inserting "Chapter 171 of" immediately before "28 U.S.C."

SECTIONAL ANALYSIS OF A PROPOSED BILL TO
AMEND THE CENTRAL INTELLIGENCE AGENCY ACT
OF 1949, AS AMENDED, AND FOR OTHER PURPOSESSECTION 1.

Under Section 3(a) of the Central Intelligence Agency Act of 1949 the Agency is authorized to exercise certain procurement authorities contained in the Armed Services Procurement Act of 1947. The specific sections of the Armed Services Procurement Act, the authorities of which CIA was authorized to exercise, were incorporated by reference in Section 3(a) of the CIA Act of 1949. Since passage of the CIA Act, additional functions have been assigned to the Agency. This, and added experience, indicate the need to exercise other authorities contained in the Armed Services Procurement Act of 1947.

Under Section 2(c) of the Procurement Act, the Armed Services may negotiate purchases and contracts without advertising in seventeen listed circumstances. The Agency is authorized by Section 3(a) of the CIA Act to negotiate in ten of these circumstances. It is requested that the remaining negotiation authorities of Section 2(c) be given this Agency.

This increase in Agency negotiation authorities, to make them the same as those of the Armed Services, would be accomplished by modifying Section 3(a) of the CIA Act to authorize the Agency to exercise all the authorities contained in Section 2(c) of the Armed Services Procurement Act.

DOC	13	REV DATE	30 APR 1956	TYPE	01
ORIG COMP	—	ORI	38	REV CLASS	4
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The Agency has substantial and vitally necessary programs in fields where research and development, standardization of equipment and provision of new or stand-by production facilities is a necessity. The negotiation authorities contained in Sections 2(c)(11), (13), (14), and (16) of the Armed Services Procurement Act are requested to facilitate this work.

In addition, in the field of procurement the Agency faces generally the same problem encountered by the Armed Services, although in some cases only to a minor degree. For this reason the inclusion of the negotiation authorities in Sections 2(c) (8) and (9) of the Armed Services Act is requested, as these circumstances are actually encountered although they were not foreseen at the time the Central Intelligence Agency Act of 1949 was enacted.

Medical facilities are provided our personnel in certain necessary and legally allowable circumstances. As indicated by Section 2(c) (7) of the Armed Services Procurement Act, there should be authority to purchase these by negotiation, since considerations of quality and exact composition often must outweigh a small difference in price.

To further contribute to brevity and clarity, it is proposed that the reference to Sections 3 and 4 of the Armed Services Procurement Act be deleted from Section 3(a) of the CIA Act. These are only two of a number of provisions in the Armed Services Procurement Act and elsewhere which apply to our procurement and are followed as a matter of course.

Sections 5 and 6 of the Armed Services Procurement Act are presently applicable to the Agency, and it is proposed that this applicability be continued.

Section 7 of the Armed Services Procurement Act, providing for delegations of authority and covering procedures for making determinations, is included in the CIA Act of 1949 as Sections 3(c) and (d). It is proposed to delete these sections of the CIA Act and incorporate Section 7 by reference.

10 USC 2352 In fulfilling its unique mission, the Agency lets contracts from time to time for important and novel research and development work. Such contracts often must extend over a relatively long period in order to accomplish the desired result and do not accommodate themselves to fiscal year limitations. The proposed Section 3(b) authorizes such contracts for periods up to five years, which is substantially similar to present authorities for the military departments.

Certain procurement authorities can be exercised under the Armed Services Procurement Act and the CIA Act of 1949 only after a determination has been made by the "head of the Agency." The CIA Act of 1949 defines this term (previously referred to as "Agency head") to mean the Director, the Deputy Director, or the Executive of the Agency. At the time of the passage of the CIA Act, the Agency had an Executive who exercised many of the authorities currently under the jurisdiction of the Deputy Director (Support). It is, therefore, proposed to redefine the term "head of the Agency" for the purposes of this section.

SECTION 2.

Section 5 of the CIA Act of 1949 (P.L. 110, 81st Cong.) provides authority for the payment of travel expenses, allowances and related

expenses. It is proposed to add to the Act at this time authority to pay certain allowances and expenses of this nature which were not generally available to Government employees at the time of the passage of the original Act. In addition, it is proposed that the section be rearranged in order to put certain authorities in more logical sequence.

Section 5(a), as proposed, will provide authority for payment of travel and transportation expenses for employees of the Agency stationed in foreign areas. Except for Sections 5(a)(5) and (8), the authorities provided are the same as those provided in the present statute.

Section 5(a)(5) modifies the authority available in the present Act so as to eliminate the requirement for a determination of emergency conditions before the Agency may store the furniture and household effects of an employee stationed abroad. In many situations, it is considerably less expensive for the Government to store effects than to ship them, and there is no need to ship household effects to many posts abroad. The language is similar to the basic Foreign Service authority which has been in effect for several years. The experience of the Government generally has been such that legislative proposals have now been made to adopt a less restricted approach to this problem on a government-wide basis.

Section 5a(8) will extend to CIA employees the same authorities granted to members of the Foreign Service of the United States by P.L. 22 of the 84th Congress, and its language is substantially identical to Section 11 of that Act. It will permit payment for

one trip to a United States port of entry and return to his parent's post abroad for an employee's child during each of the high school and college periods. The financial and morale problems which this section attempts to allay are serious, particularly for those employees with more than one child of school age. The cost of education and travel within the United States will still have to be borne by the individual or his parents.

Section 5(b) is a revision of Section 5a(2) of the present law. That Section presently authorizes the Agency to charge expenses in connection with travel and transportation to the appropriation for the fiscal year current when any part of the travel of its personnel begins, notwithstanding that the travel may not be completed during that current fiscal year. This authority to date has been limited to travel involving permanent change of station, however. The reasons underlying the original authority, i.e., ease of administration, appear to be equally applicable to temporary-duty travel and this amendment would authorize similar handling of travel expenses whether the travel involved permanent change of station or temporary duty. The revision also extends the authority to the transportation of automobiles.

Section 5(c), in subsections (1), (2) and (3), brings up to date Section 5(a)(3)(A) of the CIA Act of 1949, which provides travel for home leave purposes upon completion of two years' service abroad. The amendment eliminates the requirement that employees have accumulated sufficient leave to carry them in leave status for 30 days in order to

qualify for home leave travel benefits. Under present leave laws it is impossible for some employees to accumulate sufficient leave, and if the proposed companion section providing statutory home leave is enacted the accumulation requirement would be meaningless in any event. The Section also deletes obsolete references (5 U.S.C. 30, 30(a), and 30(b) have been repealed).

Section 5c(4) extends the statutory home leave provisions of the Annual and Sick Leave Act of 1951 to CIA employees stationed abroad, and thus places them on a similar basis to members of the Foreign Service in this regard. The phrases "and as it may hereafter be amended" are inserted in order to equate proposed CIA legislation to any possible changes in government-wide leave legislation. In the event that an over-all bill is passed providing these benefits, there would be no need for this proposed section of the CIA legislation.

Section 5(c) extends the home leave privilege to employees who have completed a tour in a foreign area. There is a need for a period of home leave during which an employee can bring himself up to date on current affairs in the United States and handle personal affairs neglected during long service overseas.

Section 5(d)(1) amends section 5(a)(5)(A) of the CIA Act of 1949, which now authorizes the Agency to pay the travel expenses of an officer or employee of the Agency to a suitable hospital or clinic and return in the event of illness or injury requiring hospitalization, if such employee is assigned abroad in a locality where a suitable medical facility does

not exist. It further provides that if such person is too ill to travel unattended, the Agency may pay travel expenses of an attendant. The proposed amendment extends this coverage to dependents of employees. Because of the location of some of the Agency posts of assignment, adequate medical facilities are often not available. As the members of the employee's family find themselves in these localities solely because of the employee's employment with CIA, as adequate medical facilities are often lacking, and as the cost of travel to adequate facilities is often expensive, it is considered appropriate for the Agency to bear such costs. The existing language is further revised to make clear that the Agency may pay travel expenses of more than one attendant since in some cases, experience has demonstrated the need for more than one in order to assure the well-being of the patient.

Section 5(d)(2)(A) of the proposed bill is the same as Section 5(a)(5)(C) of the existing law.

Section 5(d)(2)(B) of the proposed bill extends limited medical benefits to dependents of an employee who are located abroad because of the employee's assignment to a foreign post. Officers and employees of the Agency and their families are an integral unit. The employee's effectiveness depends in no small measure on the well-being of his family. Considering the additional health hazards which exist in many parts of the world and the fact that employees have no choice as to where they are to be assigned, it is believed that the Government should assist in defraying medical expenses incurred by dependents while they are stationed abroad. Such a provision would

place dependents of Agency personnel more nearly on a par with dependents of military personnel in the matter of medical services.

Inasmuch as dependents cannot be said to be in a duty status, the proposed legislation provides that the illness or injury must be incurred while the dependent is located abroad. It is not intended, moreover, that the Government assume the full cost of providing medical care and treatment for dependents of Agency personnel. It may be noted that the proposed language refers to "an illness or injury requiring hospitalization." Thus, the employee would assume responsibility for less serious illnesses or injuries that do not require hospitalization, except as routine services may be available at first aid stations established pursuant to section 5(d)(3). Second, as is true of officers and employees, the Government would not assume responsibility in cases involving vicious habits, intemperance or misconduct. Also, it is intended that regulations prescribed by the Director will exclude certain types of medical expense such as optional plastic surgery, dental treatment, and normal maternity cases. Finally, it is believed that the employee should defray at least a portion of the medical costs and that a reasonable limitation should be placed on the aggregate liability that the Government, as an employer, should assume. Accordingly, provision is made for the employee to assume initial costs up to \$35.00 with the Government assuming responsibility for costs in excess of that amount but not in excess of 120 days of hospitalization for each illness or injury.

In most instances the patient will be treated in a hospital. However, in some instances it will be necessary to provide treatment directly in

the home. For example, hospital space may not be available at the particular post. It may be hazardous to transport the patient to another distant locality where a suitable hospital is available. It is intended that the provisions of this section apply in instances of this type and that, accordingly, such treatment in the home would be considered equivalent to treatment in a hospital or clinic.

The proposed legislation refers to "the costs of treatment of each such illness or injury at a suitable hospital or clinic". In prescribing regulations relative to this language it clearly is intended that such costs would encompass the full range of expenses for medical care and treatment, including ambulance fees, board and room, nursing services, laboratory charges, drugs and medicines, surgical and diagnostic costs, use of X-ray, oxygen, special equipment and related items, and professional medical services.

It is expected that the proposed maximum limitation of 120 days of hospitalization will cover most cases requiring hospitalization. However, in the remaining instances that require more prolonged medical care, it is only equitable that the Government assume an additional responsibility for medical expenses in those instances where the Chief of the Agency medical staff determines that the illness or injury clearly is caused by the fact that a dependent is or has been located abroad. For example, civil strife resulting in serious injury to the wife of an Agency employee or a child's contraction of an infectious disease (despite observance of normal precautionary measures) which rarely occurs in the United States, would seem to warrant the Director's waiving the

120 day maximum limitation provision. On the basis of cumulative experience and, taking into account individual circumstances, the Director would authorize continued payment in such cases for such period as he considers appropriate.

Section 5(d)(3) revises the present Section 5(a)(5)(B) so as to permit the employment of a physician or other medical personnel in addition to a nurse at posts where sufficient personnel are employed to justify such arrangements. It is not intended to establish such facilities at all posts. Where suitable Government or private facilities already exist, there would be no reason to do so. However, at some posts either only the most primitive medical facilities exist or suitable facilities, though they exist, are not available. In these instances, the establishment of essential medical facilities and services is not only beneficial to employees' morale, but also is a practical investment from the point of view of the Government as an employer.

Section 5(d)(4) of the proposed bill revises Section 5(a)(5)(D) of the present law to grant substantially the same authorities providing physical examinations and inoculations to Agency employees as were granted to employees of the Foreign Service under Section 943 of the Foreign Service Act of 1946. Section 12 of the Foreign Service Act Amendments of 1955 authorizes the administration of physical examinations and inoculations to dependents although in the past this had been done in practice. There had been some concern that existing law did not clearly authorize the practice; therefore, this amendment was considered a technical clarification of the existing authority. The proposed revision of Section 5(a)(5)(D) accomplishes the same purpose.

Section 5(d) of the proposed bill will allow the extension of certain medical benefits to CIA employees who are assigned abroad on temporary duty on the same basis as to those on permanent duty. The possibility of line-of-duty illness or injury is equal in both cases. The proposed amendment will thus equalize benefits in this category for CIA and Foreign Service personnel. It had been originally intended that they would be equal, but the present language of Section 5(a) of P.L. 110 expressly restricts the coverage of such benefits to personnel assigned to permanent-duty stations overseas. There is no such restriction in Foreign Service legislation, and these benefits are presently available to all such personnel irrespective of whether they are in a temporary- or permanent-duty status.

Section 5(e) of the proposed bill exists in the present law as Section 5(a)(7). The substance has not been changed.

Section 5(f) of the proposed bill brings CIA authority regarding allowances in line with existing or proposed provisions in other legislation. In addition to the provision of allowances there has been included in a new subsection 5(f)(3) basic authority for the Agency to pay post differentials. The Foreign Service Act as amended, has been used as the principal model. Sections 901(1) and 901(2) of the Foreign Service Act of 1946 were incorporated by reference into Section 5(b) of the Central Intelligence Agency Act of 1949. Since that time, Section 901(2) of the Foreign Service Act has been amended, and further amendments have been proposed in a government-wide Overseas Allowances Act.

Section 5(g) of the proposed bill is equivalent to existing law which now provides that Foreign Service personnel are entitled to exclude from gross income for income tax purposes the various allowances authorized them under the Foreign Service Act. It is desirable that the Agency have similar authority in view of the fact that the provisions of this proposed bill will establish separate and basic authority for the Agency to pay similar allowances.

SECTION 3.

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This proposed amendment would raise the number of retired officers of the armed services employable by CIA, whose employment by the Federal Government would be otherwise barred by other statutory limitations on the employment of such officers. It was pointed out in the report of the Clark Task Force of the Hoover Commission, and this Agency concurs in its conclusion, that increased use should be made, if possible, of the talents of retired military officers whose ability and experience fit them for the types of work done by this Agency.

SECTION 4.

Section 3648 of the Revised Statutes provides that there shall be no advance of public money unless authorized by the appropriation concerned or by law, or by certain stated exceptions in Section 3648; it provides further that in contracts for the performance of services or the delivery of articles of any description for the use of the United States, payment shall not exceed the value of such service or article delivered previous to such payment. This provision works a hardship in certain foreign countries, whose laws or customs require advance payments,

particularly of rent. Frequent exceptions have been made to this provision of law; e.g., for payments made for the Bureau of Customs in foreign countries (31 U.S.C. 529 b), for the enforcement of customs and narcotics laws (31 U.S.C. 529 f), for the Office of Scientific Research and Development (31 U.S.C. 529 h), and for advance payments of office rent in foreign countries by the Bureau of Foreign and Domestic Commerce. This statute is also specifically waived for the armed services, and the Department of State has acquired an exception in its current Appropriation Act (P.L. 133 of 7 July 1955).

SECTION 5.

This provision corrects a typographical error in Section 10(a)(1) of the Central Intelligence Agency Act of 1949. The authority which was intended to be granted by this clause was the authority to pay claims under the Federal Tort Claims Act (Chapter 171), but the chapter number was omitted from the final printed versions of the bill as passed.